NEWS ALERT

TRUSTS & ESTATES

Your Mid-Year Estate Planning Checklist

By Lisa P. Staron | July 10, 2018

Now that the summer is in full swing, the kids are out of school, and the boats are in the water, it's a good time to take a fresh look at the work you have already done in planning for your future and the future of your loved ones.

Here is a helpful checklist to guide you in your thoughts.

1. **Review your existing Will and any trust agreements**. Over the course of a year our personal and professional lives can change dramatically. Our asset holdings can similarly change. New tax laws may also impact planning. It is therefore important to periodically make sure that your documents will work the way you want them to.

   Some questions to ask: *Is your plan tax efficient? Do you need to change the timing or manner in which your assets will transfer to your beneficiaries? Do you need to change any beneficiaries or add new ones?* These are all basic questions to keep in mind when reviewing your existing documents.

2. **Consider whether your named fiduciaries are still appropriate**. Your executors, agents and trustees will be tasked with significant responsibility. You should consider whether the persons you appointed in your documents are up to the tasks that lie ahead or if an alternate person or persons would be more appropriate.

3. **Review your beneficiary designations**. Assets that pass by beneficiary designation, such as life insurance and retirement accounts, are typically not controlled by the terms of your Will or any trust agreements. Rather, they pass directly to the named beneficiary(ies) regardless of the status of their relationship with you. For example, a divorce will not automatically revoke an existing designation to your former spouse. Thus, it is important to check the status of each beneficiary designation on file with the respective institutions to be sure that the beneficiaries you want to receive those assets are in fact listed as the primary and/or contingent beneficiaries on the beneficiary designation forms on file with each custodian.

4. **Consider income tax planning**. The increase in available estate tax exemptions (Federal and State) will result in far fewer individuals being subject to estate tax liability when they die. Therefore, it is now increasingly important to consider "upstream" and "downstream" income tax planning in conjunction with your estate plan, which usually takes the form of cost-basis planning. Confer with your estate and tax planning professionals about the advisability of lifetime gifts, the granting of general powers of appointment to beneficiaries, and more complex strategies to maximize tax efficiency in your plan.

5. **Review existing insurance coverage (life, homeowners, umbrella, disability, long-term care, etc.)**. As your assets and liabilities change, your liability exposure also changes. It is important to review your current policies and personal circumstances to determine whether you need an increase in coverage or if underwriting new policies is appropriate and/or warranted.

6. **Review your investments – and your investment advisors**. Are you satisfied with the way your accounts are performing? How much did you pay in fees last year? Is your investment advisor held to a fiduciary standard, which keeps your best interests above all else, or to the less-stringent "suitability" standard? You should not "set and forget" your investments and your portfolio, nor should you avoid asking these questions of your advisors.

7. **Review how your assets are titled**. Depending on your circumstances, it may be advisable to retitle assets from one spouse to the other, or from a joint tenancy into a tenancy in common. You may also want to fund your trust(s) with various assets (discussed further, below).

8. **Fund your trust(s)**. Avoiding a lengthy probate process is one of the many reasons why our clients fund their trusts during their lives. While a funded trust will not reduce the applicable probate court fees in Connecticut, it will nevertheless shorten the processes and procedures that your fiduciaries will need to follow in order to take control of your assets after you die and manage and/or distribute them to your beneficiaries. Privacy concerns, disability planning, and estate tax planning are equally important in considering whether it makes sense to fund some or all of your assets into trust during your life rather than at death.

9. **Determine/confirm your estate tax domicile**. Are you in the process of abandoning domicile in one jurisdiction and establishing it elsewhere? Or are you splitting time between residences in different states? Depending on your goals, you should carefully consider how much time you spend in each place and where you want your "home" to be, as it will have an impact on whether or not you will or could be subject to state estate taxes when you die. (Click here for more information).

10. **Get educated – meet with your estate planning attorney and financial professionals to discuss all of the above**. The more you know about your assets and the laws applicable to their transfer, the better will be the plan that your attorney and tax advisors will be able to prepare and/or update for you.

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